



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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WENDY L. WATANABE
AUDITOR-CONTROLLER

April 17, 2013

TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe *Wendy L. Watanabe (AB)*
Auditor-Controller

SUBJECT: **COMMON GROUND – THE WESTSIDE HIV COMMUNITY CENTER – A
DEPARTMENT OF PUBLIC HEALTH HIV/AIDS PREVENTION AND
CARE SERVICES PROVIDER – CONTRACT COMPLIANCE REVIEW**

We completed a review of Common Ground - The Westside HIV Community Center (Common Ground or Agency), which covered a sample of transactions from January 2011 through October 2012. The County Department of Public Health Division of HIV and STD Programs (DHSP) contracts with Common Ground, a non-profit organization, to provide mental health, case management, health education and risk reduction, and HIV/AIDS counseling testing services.

Our review was intended to determine whether Common Ground provided services to eligible clients, and spent Program funds in accordance with their County contract. We also evaluated the Agency's accounting records, internal controls, and compliance with the contract and other applicable guidelines.

At the time of our review, Common Ground had four cost-reimbursement contracts with DHSP. DHSP paid Common Ground \$506,137 from January 2011 through October 2012. The Agency provides services to clients in the Third Supervisorial District.

Results of Review

Common Ground appropriately charged expenditures to the DHSP Programs, and deposited and recorded cash receipts timely. In addition, Common Ground's Cost Allocation Plan was prepared in compliance with the County contract and allocated

shared costs appropriately. However, Common Ground did not obtain DHSP's approval for their client fee schedule as required by the County contract or collect fees from one (10%) of the ten clients reviewed that had the ability to pay for the services.

Details of our review, along with recommendations for corrective action, are attached.

Review of Report

We discussed our report with Common Ground and DHSP. In their attached response, Common Ground indicates they concurred with our findings and recommendations. DHSP will work with the Agency to ensure the recommendations are implemented.

We thank Common Ground management for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:AB:DC:EB

Attachment

c: William T Fujioka, Chief Executive Officer
Jonathan E. Fielding, M.D., M.P.H., Director, Department of Public Health
Common Ground
AJ King, President, Board of Directors
Hywel Sims, Interim Executive Director
Public Information Office
Audit Committee

**COMMON GROUND – THE WESTSIDE HIV COMMUNITY CENTER
HIV/AIDS PREVENTION AND CARE SERVICES
JANUARY 2011 THROUGH OCTOBER 2012**

ELIGIBILITY

Objective

Determine whether Common Ground - The Westside HIV Community Center (Common Ground or Agency) provided services to clients who met the Department of Public Health Division of HIV and STD Programs (DHSP) eligibility requirements. In addition, determine whether Common Ground collected fees from eligible clients in accordance with their County contract.

Verification

We reviewed the case files for ten clients who received services during April 2011 to October 2012 for documentation of their eligibility for DHSP services. In addition, we verified whether the Agency collected fees from clients in accordance with the Agency's approved client fee schedule.

Results

Common Ground maintained adequate documentation to support the eligibility of all ten clients reviewed. However, Common Ground did not obtain approval from DHSP for their client fee schedule. In addition, Common Ground did not always collect fees from clients with the ability to pay, or document the justification for waiving the client fees as required by the Additional Provisions of the County contract. Specifically, Common Ground did not collect fees from one (10%) of the ten clients who had the ability to pay.

Recommendations

Common Ground management:

- 1. Obtain approval from DHSP for their client fee schedule.**
- 2. Ensure that fees are collected from clients with the ability to pay, or document the justification for waiving the client fees.**

CASH/REVENUE

Objective

Determine whether Common Ground recorded revenue in the Agency's financial records properly, deposited cash receipts into their bank account timely, and that bank account reconciliations were reviewed by Agency management.

Verification

We interviewed Common Ground's personnel, and reviewed their financial records and September 2012 bank reconciliation.

Results

Common Ground recorded revenue in their financial records properly, deposited DHSP payments into the Agency's bank account timely, and Agency management reviewed and approved the September 2012 bank reconciliation.

Recommendation

None.

COST ALLOCATION PLAN

Objective

Determine whether the Agency prepared its Cost Allocation Plan (Plan) in compliance with the County contract, and used the Plan to allocate shared costs appropriately.

Verification

We reviewed the Agency's Plan and a sample of shared costs the Agency incurred from March 2011 to July 2012.

Results

Common Ground's Plan was prepared in compliance with the County contract, and used the Plan to allocate shared costs appropriately.

Recommendation

None.

EXPENDITURES

Objective

Determine whether expenditures charged to the DHSP Programs were allowable under the County contracts, properly documented, and accurately billed.

Verification

We interviewed Common Ground personnel, and reviewed financial records for 18 non-payroll expenditures, totaling \$10,404, that the Agency charged to the DHSP Programs from March 2011 to July 2012.

Results

Common Ground maintained adequate documentation to support the non-payroll expenditures charged to the DHSP Programs.

Recommendation

None.

PAYROLL AND PERSONNEL**Objective**

Determine whether Common Ground charged payroll costs to the DHSP Programs appropriately, and maintained personnel files as required.

Verification

We traced the payroll costs for five employees, totaling \$14,987 for July 2012, to the Agency's payroll records and time reports. We also reviewed the personnel files for DHSP Programs staff.

Results

Common Ground maintained personnel files as required by their County contract. However, Common Ground did not accurately calculate the payroll expenditures for one employee in July 2012. Although the total questioned cost was immaterial, Common Ground management should ensure payroll costs are calculated accurately.

Recommendation

3. Common Ground management ensure that payroll costs are calculated accurately.

COST REPORTS**Objective**

Determine whether the Agency's Cost Reports reconciled to their accounting records.

Verification

We traced the Agency's Cost Reports for the periods ended December 2011, February 2012, and March 2012 to their accounting records.

Results

Common Ground's Cost Reports reconciled to their accounting records.

Recommendation

None.

saving lives
changing lives

commonground
The Westside HIV Community Center

March 8, 2013

Wendy L. Watanabe, Auditor-Controller
Department of Auditor-Controller
Countywide Contract Monitoring Division
350 S. Figueroa Street, 8th Floor
Los Angeles, CA 90071
Attention: Yoon Park

Upon completion of the review of Common Ground's HIV/AIDS Care and Prevention Services provided under contracts granted by the County of Los Angeles Public Health Department, Division of HIV and STD Programs conducted by your agency, please be advised that Common Ground concurs with the findings outlined in the report issued by your office. Furthermore, the corrective measures included in the attached Plan of Corrective Action have been implemented in response to such findings.

Should your office have additional questions, or require further information, please contact Efrain Talavera, Director of Finance at (310) 314-5480, or via email at etalavera@commongroundhiv.org.

Thank you,



Hywel W. Sims
Interim Executive Director

Common Ground - The Westside HIV Community Center

January 1, 2011 - June 30, 2012 HIV/AIDS Care and Prevention Services contracts with the County of Los Angeles Public Health Department, Division of HIV and STD Programs

Fiscal Review Findings Plan of Corrective Action

Review Start Date: October 15, 2012

Review Period: January 1, 2011 - June 30, 2012

Contracts: H210819-13, H210819-14, H210820-17, H210820-19, PH000810-4, PH000810-6, PH001034-4 & PH001034-6

Findings	Corrective Action Taken	Responsible Person	Date Implemented
Obtain DPH approval for their client fee schedule.	Common Ground awaits response to the request for approval of Common Ground's Fee Schedule submitted to Mario J. Perez, Director DHSP	Esperança Moniz, Director of Programs	3/7/2013
Ensure that fees are collected from clients with the ability to pay, or document the justification for waiving the client fees.	Staff training to ensure full compliance with process of collecting fees assessed in accordance with the DHSP approved Client Fee Schedule (or required documentation of the reason for not collecting the assessed fee).	Efraín Talavera, Director of Administration and Finance Esperança Moniz, Director of Programs	3/7/2013
Common Ground management accurate calculate payroll expenditures	Common Ground management will ensure that payroll expenditures are correctly calculated .	Efraín Talavera, Director of Administration and	Effective immediately and ongoing.



Efraín Talavera

Director of Administration and Finance

March 8, 2013

Date